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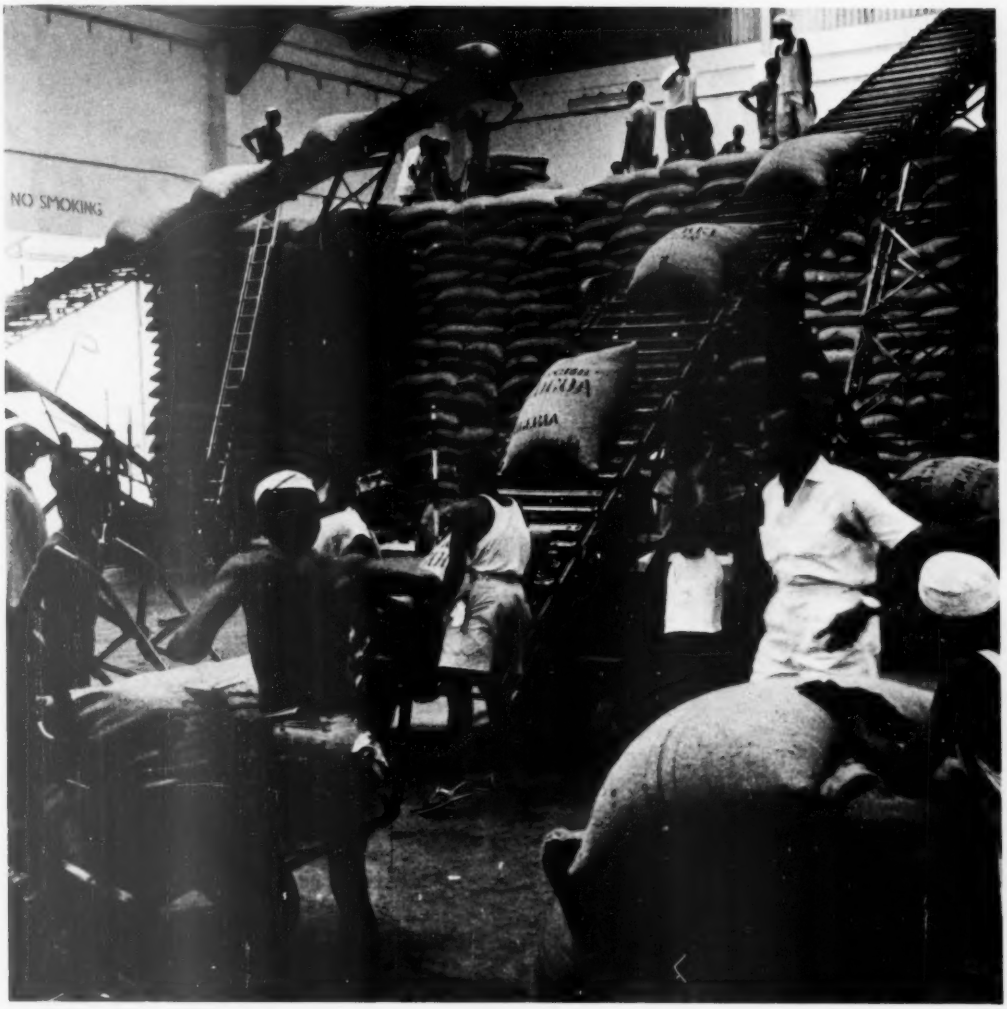
SCIENCE

FOREIGN AGRICULTURE



December 6, 1971

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World Cocoa Supply Up

Greek Tobacco and the CAP

Foreign
Agricultural
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OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Moving cocoa beans out of a Lagos, Nigeria, warehouse for shipment abroad. Because of expected large cocoa bean production in 1971-72, Nigeria and other cocoa-producing countries anticipate a buildup in stocks for the third straight year. As a result, prices have fallen. See story beginning this page.

J. Phil Campbell, Acting Secretary of Agriculture

Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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World Cocoa Supply Up—Increase in Stocks Likely

By
REX E. T. DULL

Sugar and Tropical Products Division
Foreign Agricultural Service

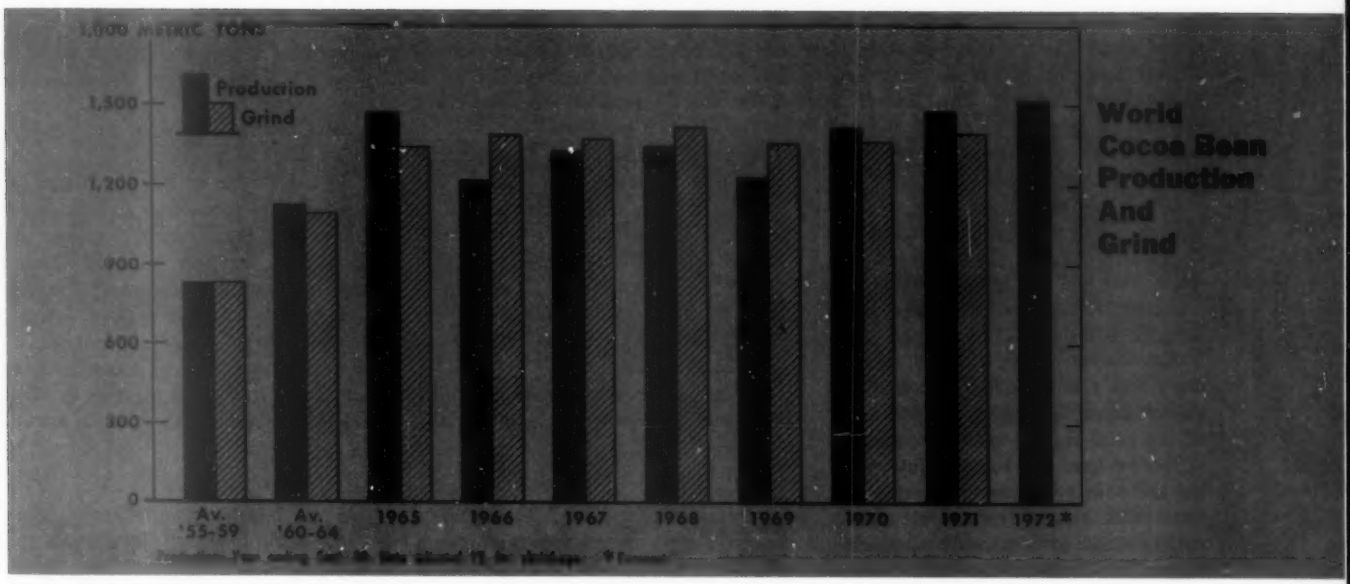
The world's cocoa producers recently began the harvest for the 1971-72 (October-September) marketing year and, because of favorable weather conditions, large crops are expected in most of the major producing areas of West Africa and South America. This could result in an increase in stocks since the growth in consumption this year is not expected to be as large as the expansion in production.

The countries most concerned with the cocoa market outlook are Ghana, Nigeria, Brazil, Ivory Coast, and Cameroon, which together account for 80 percent of the world crop, and the United States, West Germany, the Netherlands, the USSR, and the United Kingdom, which together consume more than half of it.

Historically, the world cocoa economy has been characterized by wide price fluctuations as supplies shift from surpluses to shortages and back again. Only a few years ago, cocoa was in short supply, and prices for a short period rose to around 50 cents per pound. But now, the supply pendulum again swings to the surplus side.

Preliminary U.S. Department of Agriculture estimates of the 1971-72 world cocoa bean crop place production at 1.53 million metric tons, an increase of about 2.3 percent over the record 1970-71 harvest. Other forecasts by private sources are even more optimistic. If these estimates of large crops are realized, world stocks in 1972 will most likely show an increase for the third consecutive year.

By the end of October, cocoa bean



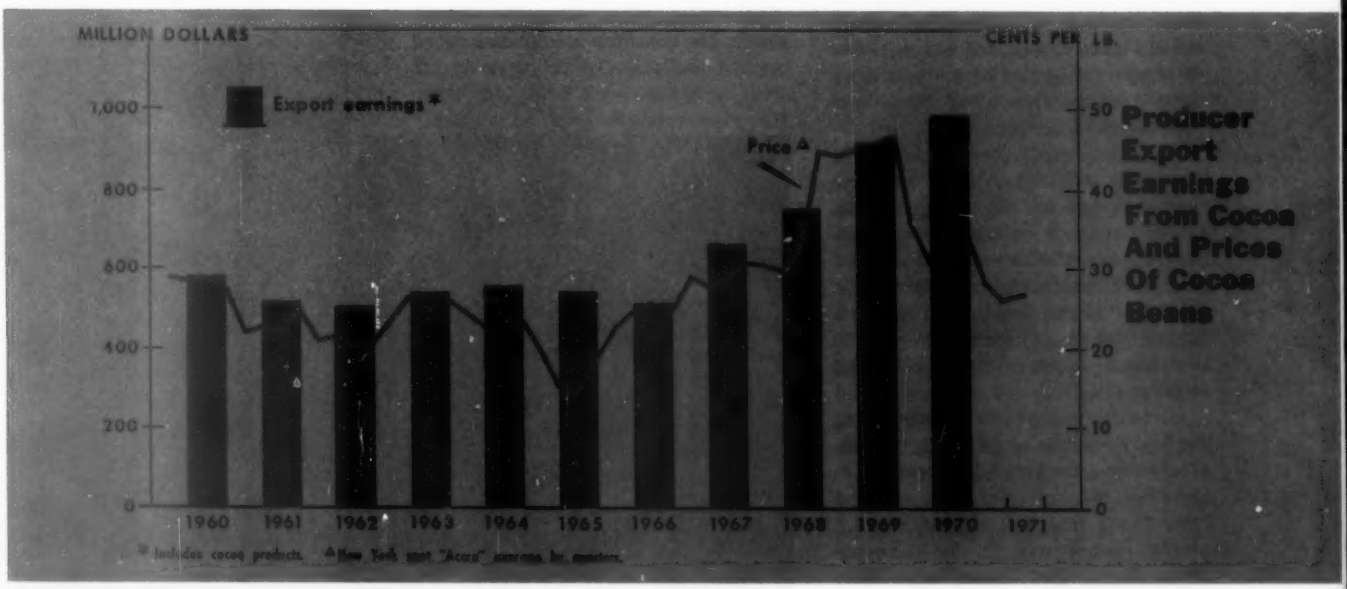
prices (New York spot "Accra") had already responded to the prospects of an additional stock buildup in 1972 by falling to 25 cents per pound, compared with a price of 35 cents per pound at the same time last year.

During the period 1955-59, cocoa supply and demand were in near balance. However, from 1960 through 1965, production remained above consumption, and substantial stocks were accumulated. Prices fell sharply below the 35 cents per pound average of the 1955-59 period to a low of 12 cents per pound, the average for July 1965.

The low prices of the early 1960's stimulated consumption but discouraged expansion of production so that world consumption began to move ahead of production by 1966. Producers tended to neglect their farms, and many discontinued new plantings. From 1966 through 1969 world consumption exceeded production, virtually depleting the large stocks that had been accumulated earlier in the decade.

As prices firmed, producers regained interest in increasing output. Because of favorable growing conditions, large crops have been harvested during the past 2 years. New plantings and replacement of trees with higher yielding hybrid types are once again taking place in many producing countries.

For example, the Western State Government of Nigeria has recently inaugurated a $11.6-million cocoa project under which credit facilities will be given to farmers for the planting of



approximately 16,500 acres of new cocoa areas and for the replanting of 27,000 acres of old farms with new high-yielding varieties. This project is expected to add about 15,000 tons of cocoa to Nigeria's annual harvest when the new trees come into full bearing.

Ghana has recently instituted a $12.7-million 5-year rehabilitation scheme in its Eastern Region. Diseased and old cocoa trees will be replaced with higher yielding varieties, and some new areas suitable to cocoa will be planted.

The current area in cocoa in the Ivory Coast is estimated at about 1.2 million acres, but nearly 200,000 acres of this total are not yet in production. With new trees still to come into bearing and with programs to improve cultural practices, the Ivory Coast should easily be able to achieve its production target of 230,000 tons by 1975.

Brazil, the largest producer in the Western Hemisphere, has also made important strides in raising its production through replacement plantings of the new hybrid trees and by improved cultural practices.

However, the short supplies and high prices experienced earlier temporarily discouraged growth in world consumption. Even recently, despite the improved supply outlook, world grindings have been slow to readjust to an expansionary trend.

Historically, in times of shortages and high prices, chocolate manufacturers have turned to cocoa butter extenders and substitutes. Today, low-priced substitutes such as soybean and coconut oils are being widely used and there will be a great temptation to continue using these products even when cocoa supplies become more plentiful.

The trend of cocoa prices during the remainder of this year and in 1972 will depend largely on the change in relationship of world consumption to available supplies. Preliminary data indicate that world grindings in 1971 will be somewhat larger than in 1970, and a further rise is anticipated in 1972 in response to larger world supplies and lower prices.

Grindings in the United States during the first 9 months of 1971 have shown a moderate growth of 1.5 percent, while grindings in West Germany and the Netherlands rose 4.4 percent and 2.2 percent, respectively, for the same period. The United Kingdom's grind, however, was down by 2.2 percent for the 9-month period. It appears that unless world grindings increase at a much faster rate, buildup of stocks in 1972 will be almost a certainty.

Although cocoa prices have receded from their unusually high levels of the previous 2 years, longer term marketing prospects for producing countries still remain bright. Prices (New York spot "Accra") during the first 10 months of 1971 have averaged 27.3 cents per pound, compared with the 1960-69 average of 27.2 cents.

In the past there has been a healthy consumption growth rate, and it would be beneficial to both producers and consumers if that growth can again be resumed. Lower import duties and rising incomes, as well as population increases, have expanded the potential world demand for cocoa.

In the 1960's we have seen new cocoa-consuming countries like the Soviet Union and the Eastern European nations enter strongly into the market, and the potential for continued expansion in these countries is good. Japan is another market which has rapidly expanded consumption of cocoa in recent years, and traditional markets in Western Europe and North America are still

EC's Tobacco CAP Disrupts Greek Burley Program

By HUGH C. KIGER
Tobacco Division
Foreign Agricultural Service

The adoption of a raw tobacco common agricultural policy (CAP) by the European Community (EC) in 1970 has changed the outlook for Greek burley from optimism to uncertainty and despair. Greek officials feel that the "rug has been pulled from under" their burley tobacco program.

For many years, Greece's tobacco production consisted almost entirely of oriental varieties. Greece ranks second to Turkey in world production of orientals and in recent years its output has reached nearly 200 million pounds annually. Except for a small quantity used for making cigarettes for the domestic market, most of the oriental tobacco has been exported to the United States and Europe for use in American-blend cigarettes or some modification of these.

However, world demand for oriental tobacco is limited and production is expensive. Thus, in the early sixties, Greek officials began experimenting with the production of flue-cured and

below the saturation point.

Export earnings of producing countries from cocoa in 1970 reached a record high, with receipts totaling an estimated $990 million. The 1969 earnings were also good, at about $918 million, and compared very favorably with the average export values in the early 1960's of around $540 million. The earnings of most major producing countries did not benefit immediately from the unusually high price levels of 1969 because of their forward sales policies —contracts often being made as much as 6 to 12 months ahead for future delivery. However, earnings in 1971 and 1972 will probably be below those in 1970 but should still be at relatively high levels.

Both producing and consuming countries over the years have been concerned by the widely fluctuating cocoa prices. For the last 15 years or so, efforts have been made to conclude an international cocoa agreement to offer some degree of price stability to the market. Negotiating conferences were held in 1963, 1966, and 1967. However, all these conferences failed to conclude an agreement because of divergent views over major items to be included in an agreement, such as the price range, buffer stock operations, and conversion factors for cocoa products.

A meeting in the fall of this year held under the auspices of the United Nations Conference on Trade and Development (UNCTAD) between cocoa producers and consumers to consider a revised draft of an international cocoa agreement had no conclusive results. But UNCTAD plans further meetings with the hope of convening a full-scale negotiating conference early in 1972.

There is a general recognition, however, that prior consensus on all or most of the main issues is essential to the success of a negotiating conference.

burley types. They concluded that burley offered the best opportunities for raising farm incomes and expanding tobacco export trade.

Important considerations which affected their decision to concentrate on burley included: increasing demand in the world market for burley, resulting from the growing popularity of American-blend cigarettes; and the duty-free status enjoyed by burley exports to the EC because of Greece's associate membership (compared with 12.7 to 15 cents a pound duty from nonmember sources). The relatively high price of U.S. burley shipped to the EC and the fact that Italian production had been curtailed in the early sixties by blue mold disease provided additional incentives for Greece to expand its burley industry.

With assistance from the Greek Government and support of the buying companies during the sixties, Greek burley output and trade were phenomenally successful. From only experimental plots in 1960, production rose to more than 28 million pounds in 1970. Greece now ranks as the world's fifth largest grower of burley.

Greece also ranks second to the United States as an exporter of burley. Its export sales skyrocketed from 1 million to 2 million pounds in the early sixties to nearly 18 million in 1969 and 17 million in 1970. The EC provided an estimated outlet for more than two-thirds of this leaf.

With this ready market for its burley leaf, Greece was looking forward to further expansion of its tobacco industry. In fact, the Greek Government, as part of a 5-year agricultural plan, set a production target of about 42 million pounds of burley by 1974. It also planned to extensively increase burley exports to the EC with the benefit of its duty-free status.

Far left, farmers plow burley fields in late fall. Increasingly, tractors are replacing hand plows in Greece. Left, transplanting burley seedlings by hand.

The adoption by the EC of the raw tobacco CAP has dashed these plans. Major features of the CAP which concern Greek burley growers are the high guaranteed prices and buyers' premiums provided for Italian burley (Variety No. 11).

For 1970-crop Italian burley, the EC established a standard (objective) price of about 65 cents a pound, about 13 cents a pound above the 1967-69 average price. In addition, the CAP provided for payment of a buyer's premium to purchasers who bought Italian burley for a price in excess of the intervention price. It is estimated that packers paid the standard price for most of the 1970 crop of Italian burley (*Foreign Agriculture*, Nov. 2, 1970, and Aug. 30, 1971.)

The level of the premium paid to buyers of Italian burley was determined by calculating the difference between the standard price for the reference (Grade A) Italian burley and "comparable" imported tobacco, reconverted into a premium for leaf tobacco (farm sales weight). In theory, this would make Italian burley competitive with "comparable" imported burley. Greek burley was used as "comparable" imported competitive burley as the basis

(Continued on page 12)

Hog Farmers In Western Europe Seek Efficiency In Production

By Q. MARTIN MORGAN
Livestock and Meat Products Division
Foreign Agricultural Service

With improved hog prices in Western Europe during the summer and fall of this year, farmers there are moving in a number of ways to expand production and increase efficiency. Some of the successful methods: Enlarging production units, producing hogs under contract, and breeding pigs that are better utilizers of feed.

Advances by Dutch farmers have been particularly outstanding. Hog numbers in the Netherlands in early 1971 were 6.4 million compared with 2.7 million 10 years earlier; and pork production had risen to 1.5 billion pounds in 1970 from 844 million pounds in 1961.

At present nearly 50 percent of Dutch hog farmers raise pigs under some form of contract with commercial feed mills or processors. Not only do feed mills have steady customers and processors calculable supplies under this system, but farmers have markets stable in price and volume. In some instances farmers are also given loans to purchase feed or expand operations.

In 1970 the average hog farm in the Netherlands produced 116 slaughter hogs. In 1965 the average was 58, and in 1960 it was only 22. As production units have increased in size, the relative costs of production have declined. Therefore, Dutch producers are now in a better position to ride out periods of low prices, such as occurred in late 1970 and early 1971. The trend toward larger units is expected to continue.

Pork production in the Netherlands has traditionally been an export industry. In recent years the Dutch have produced pork for shipment to other members of the European Community in addition to accounting for 70 percent of all pork exported from the Community.

Although some farmers produce the Large White, the competitive position of the Netherlands in the EC and third country markets is attributed to the development of the Dutch improved Landrace. This breed has been developed into a pig with a high proportion of lean to fat (which makes it very acceptable for processing) and at the same time has the right shape for a good side of bacon.

Denmark, a country with a reputation for high-quality pork production, has shown little advance in output in recent years. Danish farmers have been caught in a squeeze between rising feed costs and low prices for slaughter hogs. While the Netherlands has been supplying increasing amounts of pork to other Common Market countries, Denmark has been largely barred from the EC market by the highly protective EC Common Agricultural Policy for pork. Denmark's chief West European customer has been the United Kingdom, and sales have been primarily bacon.

If Denmark joins the EC, Danish hog farmers might not only receive higher domestic hog returns but enjoy a much enlarged market. Meanwhile, one Danish research project is crossbreeding the Danish Landrace with Yorkshires —a bigger, fatter pig and the type most common in EC countries—to derive hogs with carcasses that will be more competitive on the EC market. (See *Foreign Agriculture*, Dec. 14, 1970.)

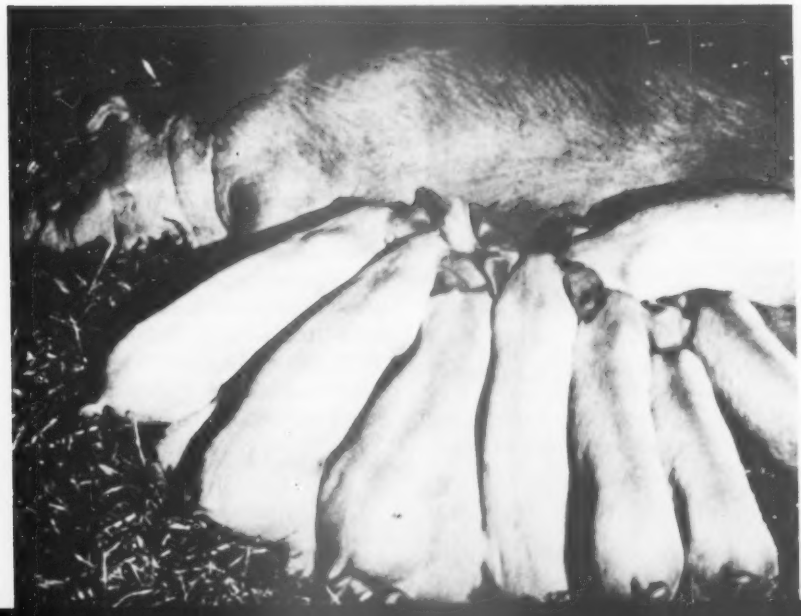
Another country that has shown considerable increase in pork production over the last decade is the United Kingdom. In 1970, output was about 2.1 billion pounds compared with approximately 1.5 billion in 1960, and 1971 production is forecast as 5 percent greater than that of 1970.

Hog production under contract is becoming increasingly important in the United Kingdom and is making especially rapid strides in the output of heavy hogs. An example of such arrangements is one firm that purchases about 15 percent of all hogs marketed in the United Kingdom, supplies its own specially bred hogs to farmers for breeding stock, runs its own processing plants, and puts out a complete line of pork products.

The hogs supplied by the firm to farmers are bred chiefly for efficiency of feed conversion and quality of meat. Officials of the firm believe that this is the best way to achieve increases in productivity. They maintain that quality standards based on back fat measurements relative to carcass weights to determine the proportion of fat and lean meat in hog carcasses lead to controlled feeding and masking the need for genetic improvement of bacon-type hogs.

The bacon hog industry in the Un-

Bacon-type pigs may give way to heavier types in Western Europe.



Dwarf oil palm, developed for ease of harvesting.

Ivory Coast May Now Be Africa's No. 2 Exporter Of Palm Oil

By C. MILTON ANDERSON
Assistant U.S. Agricultural Attaché
Monrovia, Liberia

IN 1970 the Ivory Coast entered the world fats and oils market as a net exporter of palm oil, shipping about 12,000 metric tons. Exports in 1971 are expected to rise to over 25,000 tons, making the Ivory Coast possibly the second largest exporter of palm oil from the African continent.

This reversal in 2 years from a net importer of palm oil to a net exporter is attributable to a palm oil development program known as "Plan Palmier," which was initiated in 1962 as a joint project between the Ivoirian Government and the Oleaginous Research Institute of France (IRHO).

The Ivory Coast's export volume is expected to rise rapidly over the next 10 years to around 200,000 tons, which would probably make the country the world's third largest palm oil exporter, after Malaysia and Indonesia, and Africa's largest, with one-tenth of total world exports.

Prior to the development of Plan Palmier the Ivory Coast imported about 10,000 tons of palm oil annually. Principal suppliers of Ivoirian palm oil imports in past years were Zaire, Congo (Brazzaville), and Nigeria.

(The Ivory Cost also imports oils, fats, and tallows from the United States, including some soybean oil.)

The Ivory Coast's palm oil program grew out of research by IRHO. Since 1947, the institute had, among other things, been selecting oil palms in an effort to increase productivity.

By 1960 the institute had developed and multiplied seedlings that bore fruit in 3 to 4 years, in contrast to 10 years for natural (wild) palms. The new palms yielded about 6 to 8 tons of palm fruit bunches per acre (against 1.2 tons for wild palms), with an oil output of 1.2 to 1.6 tons per acre (vs. 267 lb. for wild palms).

At that time the Ivory Coast's Ministry of Agriculture and IRHO undertook a program to expand oil palm area to 98,840 acres. Prior to this, the Ivory Coast had only about 24,710 acres of

(Continued on next page)

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ited Kingdom is confronted with an additional disadvantage. Many bacon plants are in need of modernization to meet future competition in processing and packaging a full line of pork products. The trend is toward more processing of pork products using only the middle parts of bacon hogs for bacon.

West Germany, although it has increased pork production (from about 3.6 billion pounds in 1960 to about 4.9 billion pounds) over the past decade, does not have many farmers specializing in efficient hog operations. The average breeder or owner has only seven or eight breeding sows and less than 50 hogs at any one time. German officials believe that an optimum size for breeding and fattening operations might be about 1,000 hogs.

France, even more than Germany, has hog production concentrated on small farms. Unlike Germany, however, its pork output has been nearly static over the past 6 years. Production was highest in 1967 (2.8 billion pounds) and lowest in 1969 (2.6 billion pounds). In 1970 pork output was 2.7 billion pounds.

The French Government, which not only wishes to increase domestic pork production (rising imports are cutting into foreign exchange) but also to assist small farmers to better incomes, has devised a program to work toward both objectives. This program gives loans for capital investment to small farmers willing to form partnership operations called *groupements*. Groupements of hog farmers should be in an improved competitive position because of more efficient use of feed, time, and labor and greater adaptability to mass-marketing methods.

By the beginning of 1971 France had 155 groupements for hog production compared with 122 such partnerships in 1969 that produced 16 percent of pork processed in Government-controlled plants. The 122 hog-farming groupements in 1969 also held 13 percent of all hogs in France.

The French Government anticipates that 200 groupements for pig raising will have been formed by 1975 but that some of them will have merged again to form even larger units, leaving a net total of 120 to 150 groupements. These are expected to raise 35 to 40 percent of France's hogs.

oil palms in private plantations.

By the time the program got underway in 1962, the goal had been raised to 187,790 acres in production by the end of 1970. This acreage, it was estimated, would ultimately yield 200,000 tons of palm oil, many times the level of production from the estimated 1.7 million acres of wild palms.

The IRHO proposal called for the establishment of a series of oil palm complexes consisting of central industrial plantations of at least 7,410 acres each, surrounded by village plantations. Oil proceessing plants, capable of being expanded to meet future demands, were to be located within 12 miles of the complexes. This is the plan now in effect.

Financing for Plan Palmier has come from several sources. The European Development Fund (FED) assisted in the establishment of the first 11,610 acres of palms and in the construction of two oil mills under an agreement signed in 1963 between the Ivory Coast Government and the European Community. The Government financed the balance of the initial phase from its own resources.

The FED also largely financed the second and single largest and most important project, involving 79,000 acres and six additional oil mills. Funding for a third project, involving some 39,540 acres of palms in the relatively undeveloped southwestern area, came as a loan by the International Bank for Reconstruction and Development.

In addition to these projects, the Government expects to prepare an additional 25,500 acres of industrial plantations and 43,630 acres of village plantations during the 1971-75 period, plus 49,420 acres of each type between 1976 and 1980.

So far, the equivalent of about $100 million has been invested in Plan Palmier, including expenditures for plantations, oil mills, and associated support requirements. Additional investments will amount to about $43 million between 1971 and 1975 and to about $61 million more between 1976 and 1980.

The Ivory Coast Government has established several organizations to administer the palm oil program. On November 7, 1963, a Government organization, the Society for Developing and Exploiting Palm Oil (SODEPALM) was created. Its initial function was to develop plantations, construct eight palm oil mills for processing palm fruit bunches, sell the finished product, and provide technical assistance to village oil palm planters.

SODEPALM's first palms were planted at a public ceremony by Ivory Coast President Felix Houphouet-Boigny on November 19, 1965. Less than 3 years later the first oil mill was inaugurated.

When Plan Palmier entered the productive phase in 1969, the Ivoirian Government formed two new State corporation: PALMINDUSTRIE and PALMIVOIRE, which, unlike SODEPALM, are owned partly by the Government and partly by private, mainly foreign, interests.

PALMINDUSTRIE is simply a corporation in which ownership of the palm oil mills and ancillary installations is vested, with majority ownership held by the Government.

PALMIVOIRE, on the other hand, manages the plantations and processing facilities. It operates SODEPALM industrial plantations (not village plantations) and PALMINDUSTRIE mills. It also has control over all collection, processing, and sales of palm oil.

The plan currently calls for the planting of 238,720 acres of oil palms by the end of 1975, with 184, 360 acres of that total producing palm fruit bunches for processing. By 1980 the goal is for development of 337,560 acres, with 258,490 acres in production.

Area in private sector plantations will change little between 1970 and 1980—adding only about 700 acres to the current 27,180. Area of plantations under SODEPALM supervision (both industrial and village) will more than double in the same period—from 141, 710 acres to 309,690.

Production of palm fruit bunches from plantations planted with high-yield palms is expected to rise from 236,000 tons in 1970 to 841,000 tons in 1975 and 1.24 million tons in 1980, while production from natural palms will remain almost unchanged at approximately 260,000 tons.

Between 1970 and 1975, palm oil production is expected to increase from 52,300 tons to 171,900 tons, and exports will increase from 1971's 25,000 tons to 126,900 tons in 1975. Domestic consumption in 1975 will reach about 45,000 tons.

Domestic and export levels for 1980 are projected at 52,600 tons and 200,000 tons; total oil production by then is estimated at 250,000 tons.

Common Market countries, especially France, are expected to be the principal market for Ivory Coast palm oil. Significant exports to neighboring African countries are not expected.

Palm kernel production will parallel palm oil output and will more than double between 1970 and 1980—rising from 20,900 tons in 1970 to 49,900 tons in 1975 and 69,800 tons by 1980. While palm kernels produced in 1970 were mostly exported, a new crushing plant for processing oil from palm kernels and copra is expected to be built by 1975.

In order to facilitate exports, the Ivory Coast has begun to construct bulk storage tanks. The first station, with an initial storage capacity of 11,000 tons, was put in service in June 1971 in the port area near Abidjan. The station's capacity will eventually be expanded to some 40,000 tons.

A second station will be put into service within 2 years at San Pedro to facilitate the export of oil from the Ivory Coast's western palm oil producing regions. These units will be managed by PALMIVOIRE.

Plan Palmier will have a profound effect on the income of Ivoirian oil palm producers, as well as on the country's foreign exchange earnings. Between 1970 and 1980, producer incomes are expected to rise from the equivalent of $6.5 million to $20.9 million. The f.o.b. value of palm oil exports was $8.6 million in 1970; it is projected to increase to $48.6 million by 1980.

Plan Palmier constitutes one of the most important agricultural diversification programs in West Africa. It relieves the Ivory Coast of its heavy dependence on coffee and cocoa, and will, in time, largely make it unnecessary for the Ivoirians to import vegetable oils, even though domestic demand is increasing rapidly because of the steady growth of urbanization.

By 1970, about 17,000 jobs had been created by Plan Palmier. Taking into consideration the families of these workers, it is safe to conjecture that more than 100,000 persons have already benefited from Plan Palmier and that the number will probably increase.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 1	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14. .	2.00	0	[1] 2.08
USSR SKS-14	1.89	+2	2.07
Australian FAQ	1.66	0	1.95
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	+1	2.08
15 percent	[2]	[2]	2.11
U.S. No. 2 Hard Winter:			
13.5 percent	1.81	+3	1.99
No. 3 Hard Amber Durum..	1.81	+1	2.03
Argentine	[2]	[2]	[2]
U.S. No. 2 Soft Red Winter..	[2]	[2]	1.86
Feedgrains:			
U.S. No. 3 Yellow corn	1.42	+1	1.77
Argentine Plate corn	1.54	−1	1.92
U.S. No. 2 sorghum	1.44	+1	1.63
Argentine-Granifero sorghum	1.45	+1	1.65
U.S. No. 3 Feed barley	1.25	+4	1.54
Soybeans:			
U.S. No. 2 Yellow	3.40	+3	3.33
EC import levies:			
Wheat [3]	[4] 1.55	+5	1.30
Corn [5]	[4] 1.05	+3	.72
Sorghum [5]	[4] 1.01	0	.71

[1] Manitoba No. 2. [2] Not quoted. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Iran's Grain Import Requirements Increase

Because of continuing drought conditions, Iran will need to import about 1.2 million tons of wheat in 1971–72, well above the 1970–71 level of 458,000 tons, which included 163,000 tons from the United States. A 400,000-ton reduction in barley production and 92,000 metric tons less rice this year will cause sizable imports of these items as well.

Japan Increases Imports Of Canadian Alfalfa Meal

During September 1971, Japan imported 10,418 metric tons of alfalfa meal (pellets) from Canada. Imports from Canada during July and August amounted to 4,662 tons. This brings the total July-September imports from Canada to 15,080 tons compared to 2,722 tons during July-September 1970 and 15,528 tons for the entire calendar year of 1970. July-September imports from the United States were 42,368 tons in 1971 compared to 113,403 during that period in 1970.

USSR Spring Wheat Reenters West European Market

Russian SKS-14 wheat for December shipment was being offered as of mid-November in Rotterdam at $68.75 per metric ton ($1.87 a bushel). This compares with U.S. spring wheat, 14 percent protein, (December delivery) offered at $70.00 per metric ton ($1.91 a bushel), and Canadian western red spring, 14 percent protein, offered at $73.55 per metric ton ($2.00 a bushel).

Argentina Expects Wheat Crop To Be Up

It is estimated that Argentine wheat production will reach 6.5 million tons this year, including 600,000 tons of Durum. Plantings were 12 percent above last year and conditions to date have been favorable. Export availability is estimated at about 2 million tons, including 500,000 tons of Durum. Bread wheat availability for shipments to Europe will likely be small after supplying commitments to Brazil, Chile, Peru, and Paraguay.

Japanese Food Agency Purchases U.S. Wheat

Japan's latest purchase of 44,142 metric tons of U.S. hard red winter wheat (January shipment) brings the U.S. share of cumulative Food Agency purchases (for July 1971-June 1972 shipment) to 1,214,562 metric tons, or 41.7 percent of the total of 2,909,353 metric tons purchased in this period. In the same period a year ago, total purchases were 2,695,478 tons and the United States had 59.2 percent, or 1,578,507 metric tons. Canada this year has so far increased sales by 334,912 metric tons and Australia by 242,636 metric tons.

TOBACCO

Japanese Tobacco Monopoly To Import Chinese Tobacco

Japanese news reports indicate that the Japanese Tobacco Monopoly plans to buy 110,000 to 130,000 pounds of leaf from Mainland China for experimental use. This leaf will be aged for 2 years and will be used for cigarettes in about 1974.

Japan is the United States' third largest market for tobacco and is the largest individual market for agricultural commodi-

ties. But in recent years Japan has started searching for new sources of supply to reduce its heavy dependence on the United States.

Japan annually consumes about 440 million pounds of tobacco and produces about 80 percent of the tobacco it consumes. The United Kingdom and West Germany, the largest markets for U.S. unmanufactured tobacco, each consume about 300 million pounds, but the United Kingdom produces none while West Germany produces only about 5 percent of its requirements. Japan currently imports tobacco from Greece, Turkey, Thailand, and India in addition to the United States.

Mainland China is the world's second largest tobacco producer. Production has been estimated at about 1.6 billion pounds, compared with 1.8 billion for the United States. However, most of this production is for home consumption—Chinese exports in recent years have been about 50 to 60 million pounds. Most of the Chinese tobacco exports in recent years have gone to Western Europe and to Singapore.

Soviet Union Plans Large Purchases of Indian Tobacco

According to recent reports, Soviet purchases of Indian tobacco in 1971 were more than double those of 1970 when India exported 15 million pounds to the USSR. Purchases in 1972 are expected to reach 77 million pounds, the highest level since 1964 when the USSR took 74 million pounds of Indian leaf. Indian exports to the Soviet Union averaged 14 million pounds during 1966-70.

India exports about 110 million pounds of tobacco annually. Most of this is flue-cured, making India the world's second largest exporter of this type. The United Kingdom is India's largest tobacco customer, taking about 40 percent of total exports. The USSR is the second largest, taking 13 percent of total tobacco exports during 1966-70. Other major Indian tobacco customers are Japan, Nepal, and East and West Germany.

DAIRY AND POULTRY

Canada Faces Butter Shortage

The Canadian Dairy Commission (CDC) recently indicated that Canada will need to import butter before the end of the current marketing year. Trade sources have been reporting for some time that there would be a butter shortage in Canada this winter and that butter purchases from the United States might be necessary.

Canada customarily stockpiles butter in the summer months for use during the November-April period when milk production is down. According to official reports, Canada may be in short supply on or before March or April 1972. Creamery butter in storage on November 1, 1971, totaled 69 million pounds compared with 118 million pounds at the same time a year earlier.

Milk production during January-September 1971 was 13.7 billion pounds, or 4 percent below production in the first 9 months of 1970. Of the 1971 total, only 5.4 billion pounds of milk was utilized in the production of creamery butter, 13 percent less than in the corresponding period a year earlier. In contrast, milk utilized in the production of factory cheese totaled 2 billion pounds, up 10 percent from the January-September period of 1970.

In 1970, milk production in Canada totaled 18.3 billion pounds, 2 percent below the 1969 level. Factory output of creamery butter was also down in 1970—328 million pounds compared with 350 million pounds in the previous year. Meanwhile, domestic consumption of butter in 1970 increased by almost 5 million pounds.

Canada's last major importation of butter was in 1968, when purchases totaled a little over 3 million pounds. Reportedly, import requirements for butter through March 1972 will be at least 10 million pounds.

COTTON

U.S. Imports of Textiles In September at New High

Imports of manmade fiber, cotton, and wool textiles in September were 21 percent higher than in August and 61 percent above September of last year. The cumulative total for the first 9 months of this year was equivalent to 4.6 billion square yards, 40 percent greater than during the same period of 1970.

Comparing the two 9-month periods, imports from Japan and Taiwan were up 80 percent; from Korea, 71 percent; and from Hong Kong, 29 percent. Manmade fiber textiles again showed the greatest gain, increasing 66 percent in the January-September period; cotton textile imports increased 4 percent—the highest monthly level in 5 years.

LIVESTOCK AND MEAT PRODUCTS

U.S. Exports of Holsteins To Yugoslavia Expand

The United States exported 91 head of Holsteins to Yugoslavia in November. A total of 440 head have been sent to that country this year to date. By December 2, shipments will total 796 head—a new record. In 1970 the United States exported 80 head of cattle to Yugoslavia.

FRUITS, NUTS, AND VEGETABLES

Australian Canned Pineapple Pack Increases Over Last Year's

Australia reports a larger 1971 pack of canned pineapple products compared with production in 1970. Winter pineapple production was heavy in both the central and southern pineapple-producing districts with large fruit of excellent quality. Larger than usual summer production in the southern district reportedly offset a smaller summer crop in the central district.

Canned pineapple production is estimated at 1,835,000 cases (equivalent to 24 No. 2½ cans) 11 percent above the 1970 pack of 1,654,000 cases. Overall composition was similar to that of last year—33 percent slices, 48 percent pieces, and 19 percent crushed. Last year a larger portion of the crushed pack

was inspected for export. Juice production is estimated at 1,275,000 cases while tropical fruit salad production is expected to reach 480,000 cases.

Australia forecasts larger 1971 exports of canned pineapple but smaller exports of juice and tropical fruit salad. Exports of canned pineapple totaled 325,500 cases during 1970, 3 percent below 1969. Canada, the United Kingdom, New Zealand, and the United States were the major buyers. Exports of juice and tropical fruit salad totaled 61,000 cases and 58,000 cases, respectively. The United Kingdom and the Pacific islands were the major juice markets, while Canada and the United States were the major markets for tropical fruit salad.

AUSTRALIAN PRODUCTION OF CANNED PINEAPPLE PRODUCTS

Item	1968	1969	1970	1971 [1]
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]	*1,000 cases* [2]
Canned pineapple ...	1,499	1,414	1,654	1,835
Pineapple juice	672	937	1,108	1,275
Tropical Fruit Salad..	403	235	423	480

[1] Estimated. [2] Cases equivalent to 24 No. 2½ cans.

India Works Out Difficulties In Cashew Marketing System

In July 1970 the Indian Government decided to canalize cashew imports through the State Trading Corporation (STC). By April 1971, which would normally have been a peak period for the Indian trade, procedures of the new procurement system had not been finalized. At that time, Indian processors faced a brief shortage of raw materials, and they became concerned about their export markets. Currently, the STC appears to have worked out the snags in its program and developed reliable trade contacts in the African nations. Historically over 60 percent of the raw cashew nuts processed by the Indian trade are imported from African nations, primarily Mozambique and Tanzania.

Imports during calendar 1971 are projected at 220,000 short tons, well above the 188,256 tons recorded last season. Exports of processed (shelled) cashews are forecast at 62,500 tons in 1971. This compares to the 1970 total of 59,061 tons.

Near-Record Canned Pineapple Production in South Africa

Favorable weather and larger plantings have contributed to the second consecutive bumper pack of South African canned pineapple. Total 1971 production is reported at 2,850,000 cases of canned pineapple and 600,000 cases of pineapple juice, both slightly less than last year's pack.

Exports of canned pineapple are forecast as slightly above last year's. Exports of canned pineapple in 1970 totaled 2,723,000 cases, 16 percent above 1969. The United Kingdom and West Germany are the two most important markets for South African pineapple—taking 71 percent of the exports.

SOUTH AFRICAN CANNED PINEAPPLE PRODUCTION

Item	1968	1969	1970	1971
	1,000 cases [1]	*1,000 cases* [1]	*1,000 cases* [1]	*1,000 cases* [1]
Canned pineapple ...	2,073	1,855	2,917	2,850
Pineapple juice	270	398	618	600

[1] Cases equivalent to 24 No. 2½ cans.

Canned Pineapple Pack Up in the Philippines

The Philippines reports a large 1971 canned pineapple pack. Production of canned pineapple is estimated at 7,104,000 cases, equivalent 24 No. 2½ cans, 4 percent above 1970. Production of single-strength pineapple juice is estimated at 784,000 cases, while the concentrated pineapple juice pack reached a total of 588,000 cases.

PHILIPPINE CANNED PINEAPPLE PRODUCTION

Item	1968	1969	1970	1971 [1]
	1,000 cases [2]	*1,000 cases* [2]	*1,000 cases* [2]	*1,000 cases* [2]
Canned pineapple ...	6,614	6,859	6,859	7,104
Single strength juice..	539	588	686	784
Concentrated juice ...	196	294	490	588

[1] Estimated. [2] Cases equivalent to 24 No. 2½ cans.

SUGAR AND TROPICAL PRODUCTS

India Harvesting Bumper Tea Crop

Preliminary data indicate that India's 1971 tea crop will easily exceed the record 1970 outturn of 422,000 metric tons. Production in North India during April-October 1971 has totaled 295,100 tons, up nearly 6 percent over the 279,200 tons harvested during the same period in 1970. South Indian production during January-September 1971 has amounted to 76,200 tons, compared with 74,100 tons for the similar 1970 period. A total Indian harvest of between 440,000-450,000 tons is likely if growing conditions remain favorable during the remainder of the year.

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FOREIGN AGRICULTURE

Greek Burley Program (Continued from page 5)

for determining the buyer's premium for Italian burley.

This determination resulted in a buyer's premium of about 30 cents a pound on all grades of Italian burley. Consequently, if the buyer paid the standard price to the grower, his net cost (standard price less premium) was about 35 cents a pound for Grade A, about 12 cents for Grade B, and almost nothing for Grade C. The 1970 Italian burley crop is estimated to consist of 50 percent Grade A, 38 percent Grade B, and 12 percent Grade C.

The impact of the CAP on Greek burley exports can best be illustrated by the fact that in 1969, Grade A Italian burley sold for an average export price of about 82 cents a pound (export weight)—24 cents a pound above the export price of Greek burley. With the payment of the buyer's premium in 1970, the export price for Grade A Italian burley was intended to be about the same as the export price of Greek burley. Assuming however, that substantial quantities of Grade B and Grace C Italian burley are exported, the average export price for Italian burley would be substantially less than the average export price for Greek, U.S., and most other burley.

To capitalize on its competitive advantage, Italy has substantially increased its burley output. Recent statistics of the Italian Government indicate rises from 61.7 million pounds in 1969 to 69 million in 1970 and 78.7 million in 1971, or a 28-percent increase since 1969. Expansion of this magnitude can be expected to further disrupt the burley trade of Greece as well as the trade of a number of other burley exporting countries.

Recent reports indicate that several million pounds of Italian burley have been turned over to the Italian stabilization agency for the EC. If the EC authorizes a subsidy as a means of disposing of the surplus burley leaf, the competitive position of Greece and other burley exporting countries would be further impaired.

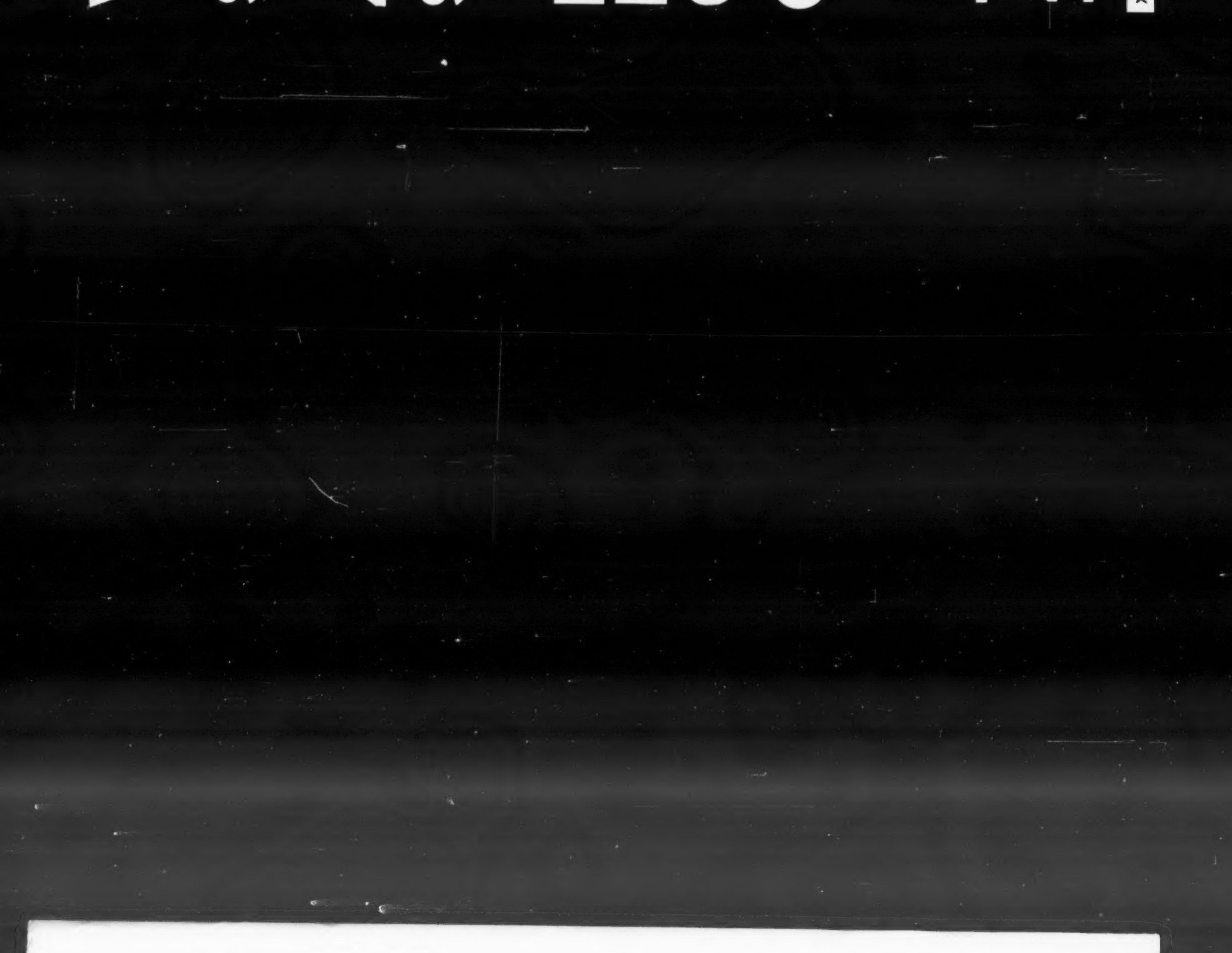
According to preliminary reports, there has been a drastic drop in exports of Greek burley—from 8,729 metric tons in fiscal 1970 to 4,457 tons in 1971. Although the overall decline was about 50 percent, the biggest drop was in exports to West Germany, which dipped from 3,936 tons in 1970 to only 342 tons in 1971.

Greece now has abandoned plans for expanding burley production to 42 million pounds by 1974 and expects to keep 1971 production down to the level of 1970.

Already Greece has accumulated a surplus of several million pounds of burley from the 1970 crop and expects an additional surplus of 10 million pounds from this year's crop. Unless this surplus problem can be solved, Greece may be forced to lower prices at the expense of growers or to subsidize exports.

The Greek Government has protested strongly to the EC in Brussels about the adverse affect of the tobacco CAP on its burley trade. Among the complaints Greek officials made were that despite existing agreements to the contrary, Greek opinions were not heard during the preparation and drafting of the policy; and when compared with Italian burley prices, the price for Greek burley, which was considered by the EC as comparable burley when calculating the premium, was at least 15 percent below actual levels. Greece feels that the difficult situation is further aggravated by the fact that the same premium is paid on all Italian burley—regardless of quality.

Despite complaints from Greece and other countries, the EC has made no substantial changes in its tobacco CAP. A token lowering of the buyer's premium of about 1.5 cents a pound on Italian burley for the 1971 crop is expected to have little effect on the export price and competitive situation.

The burley tobacco industry of Greece is clearly at a crossroads. Its future will depend, to a great extent, on policies followed by the EC in implementing various features of the tobacco CAP. If the EC continues on its protectionist course, the outlook for Greek burley production and trade is indeed bleak and depressing.

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